

Monthly Operating Report

CASE NAME: Superior Air Parts, Inc.  
CASE NUMBER: 08-36705-BJH-11  
JUDGE:

ACCRUAL BASIS

02/13/95, RWD, 2/96, RWD, 7/99

UNITED STATES BANKRUPTCY COURT  
Northern DISTRICT OF Texas  
Dallas DIVISION

MONTHLY OPERATING REPORT

MONTH ENDING: MAY, 2009

I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-7) AND THE ACCOMPANYING ATTACHMENTS AND THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY

  
ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

Kent Abercrombie

PRINTED NAME OF RESPONSIBLE PARTY

President

TITLE

6-19-2009

DATE

PREPARER

  
ORIGINAL SIGNATURE OF PREPARER

Kent Abercrombie

PRINTED NAME OF PREPARER

President

TITLE

6-19-2009

DATE

CASE NAME: SUPERIOR AIR PARTS, INC.

ACCRUAL BASIS-1

CASE NUMBER: 08-36705-BJH-11

**COMPARATIVE BALANCE SHEET**

ASSETS	SCHEDULE AMOUNT	MONTH	MONTH	MONTH
		3/31/2009	4/30/2009	5/31/2009
1. UNRESTRICTED CASH	412,357	3,082,131	3,411,287	3,938,851
2. RESTRICTED CASH	0	0	0	0
3. TOTAL CASH	412,357	3,082,131	3,411,287	3,938,851
a. 4. ACCOUNTS RECEIVABLE (NET)	5,392,055	5,263,623	5,106,602	4,921,427
b. 5. INVENTORY	11,158,744	8,271,058	7,886,032	7,514,758
6. NOTES RECEIVABLE	0	0	0	0
7. PREPAID EXPENSES	85,107	451,762	303,056	563,816
8. OTHER (ATTACH LIST)	13,385	0	0	0
9. TOTAL CURRENT ASSETS	16,649,291	13,986,443	13,295,689	13,000,001
c. 10. PROPERTY, PLANT, & EQUIPMENT	1,062,565	6,491,589	4,461,132	4,461,132
c. 11. LESS: ACCUMULATED DEPRECIATION/DEPLETION	0	5,292,655	3,652,473	3,686,119
12. NET PROPERTY, PLANT & EQUIPMENT	1,062,565	1,198,935	808,659	775,013
13. DUE FROM INSIDERS	0	0	0	0
14. OTHER ASSETS - NET OF AMORTIZATION (ATTACH LIST)	0	1,142,118	1,115,920	1,075,031
15. OTHER (ATTACH LIST)	15,471	0	0	0
16. TOTAL ASSETS	18,139,684	19,409,627	18,631,555	18,788,896
<b>POSTPETITION LIABILITIES</b>				
17. ACOCUNTS PAYABLE		381,647	330,947	900,736
18. TAXES PAYABLE		345,478	117,705	140,760
d. 19. NOTES PAYABLE		146,611	0	0
20. PROFESSIONAL FEES		321,779	431,240	440,708
21. SECURED DEBT				
22. OTHER (ATTACH LIST)		124,125	169,510	217,942
23. TOTAL POSTPETITION LIABILITIES	0	1,319,641	1,049,402	1,700,147
<b>PREPETITION LIABILITIES</b>				
24. SECURED DEBT	10,291,701	10,146,611	10,146,611	10,146,611
25. PRIORITY DEBT	74,641	0	0	0
26. UNSECURED DEBT	16,897,517	16,866,817	16,866,817	16,866,817
27. OTHER (ATTACH LIST)	0	3,310,194	3,310,194	3,310,194
28. TOTAL PREPETITION LIABILITIES	27,263,859	30,323,622	30,323,622	30,323,623
29. TOTAL LIABILITIES	27,263,859	31,643,263	31,373,024	32,023,769
<b>EQUITY</b>				
e. 30. PREPETITION OWNERS' EQUITY		(11,010,850)	(11,010,850)	(11,010,850)
31. POSTPETITION CUMULATIVE PROFIT OR (LOSS)		(1,222,785)	(1,730,618)	(2,224,022)
32. DIRECT CHARGES TO EQUITY (ATTACH EXPLANATION)				
33. TOTAL EQUITY	0	(12,233,635)	(12,741,468)	(13,234,872)
34. TOTAL LIABILITIES & OWNERS EQUITY	27,263,859	19,409,628	18,631,556	18,788,897

CASE NAME: SUPERIOR AIR PARTS, INC.

ACCRUAL BASIS-2

CASE NUMBER: 08-36705-BJH-11

**INCOME STATEMENT**

	MONTH	MONTH	MONTH	QUARTER
REVENUES	3/31/2009	4/30/2009	5/31/2009	TOTAL
1. GROSS REVENUES	607,426	569,064	739,871	1,916,361
2. LESS: RETURNS & DISCOUNTS	15,714	8,671	4,372	28,756
3. NET REVENUE	591,712	560,394	735,499	1,887,605
<b>COST OF GOODS SOLD</b>				
4. MATERIAL	509,074	472,350	545,287	1,526,711
5. DIRECT LABOR	0	0	0	0
6. DIRECT OVERHEAD	0	0	0	0
7. TOTAL COST OF GOODS SOLD	509,074	472,350	545,287	1,526,711
8. GROSS PROFIT	82,638	88,044	190,212	360,893
<b>OPERATING EXPENSES</b>				
9. OFFICER/INSIDER COMPENSATION	11,000	11,000	10,500	32,500
10. SELLING & MARKETING	500	7,038	7,038	14,576
11. GENERAL & ADMINISTRATIVE	645,743	507,509	553,637	1,706,889
12. RENT & LEASE	43,279	40,914	37,906	122,099
13. OTHER (ATTACH LIST)	0	0	0	0
14. TOTAL OPERATING EXPENSES	700,522	566,461	609,081	1,876,064
15. INCOME BEFORE NON-OPERATING INCOME & EXPENSE	(617,884)	(478,417)	(418,869)	(1,515,171)
<b>OTHER INCOME &amp; EXPENSES</b>				
16. NON-OPERATING INCOME (ATT. LIST)	0	0	0	0
17. NON-OPERATING EXPENSE (ATT. LIST)	0	0	0	0
18. INTEREST EXPENSE	49,944	(146,611)	0	(96,667)
19. DEPRECIATION/DEPLETION	49,385	48,991	33,646	132,023
20. AMORTIZATION	26,198	26,198	40,889	93,286
21. OTHER (ATTACH LIST)	0	341,285	0	341,285
22. NET OTHER INCOME & EXPENSES	125,528	269,863	74,535	469,927
<b>REORGANIZATION EXPENSES</b>				
23. PROFESSIONAL FEES	0	0	0	0
24. U.S. TRUSTEE FEES	0	325	0	325
25. OTHER (ATTACH LIST)	0	0	0	0
26. TOTAL REORGANIZATION EXPENSES	0	0	0	0
27. INCOME TAX	1,667	(240,772)	0	(239,105)
28. NET PROFIT (LOSS)	(745,079)	(507,834)	(493,404)	(1,746,317)

CASE NAME: SUPERIOR AIR PARTS, INC.

ACCRUAL BASIS-3

CASE NUMBER: 08-36705-BJH-11

**INCOME STATEMENT**

CASH RECEIPTS AND DISBURSEMENTS	MONTH	MONTH	MONTH	QUARTER
	3/31/2009	4/30/2009	5/31/2009	TOTAL
1. CASH - BEGINNING OF MONTH	2,184,950	3,080,959	3,411,287	2,184,950
<b>RECEIPTS FROM OPERATIONS</b>				
2. CASH SALES	0	0	0	0
<b>COLLECTION OF ACCOUNTS RECEIVABLE</b>				
3. PREPETITION				0
4. POSTPETITION	1,666,224	708,708	922,061	3,296,993
5. TOTAL OPERATING RECEIPTS	1,666,224	708,708	922,061	3,296,993
<b>NON-OPERATING RECEIPTS</b>				
6. LOANS & ADVANCES (ATTACH LIST)	0	0	0	0
7. SALE OF ASSETS	0	0	0	0
8. OTHER (ATTACH LIST)	0	0	0	0
9. TOTAL NON-OPERATING RECEIPTS	0	0	0	0
10. TOTAL RECEIPTS	1,666,224	708,708	922,061	3,296,993
11. TOTAL CASH AVAILABLE	3,851,174	3,789,667	4,333,348	5,481,943
<b>OPERATING DISBURSEMENTS</b>				
12. NET PAYROLL	57,592	60,036	53,023	170,651
13. PAYROLL TAXES PAID	22,675	24,454	20,483	67,612
14. SALES, USE, & OTHER TAXES PAID	0	3,887	0	3,887
15. SECURED/RENTAL/LEASES	19,068	47,757	41,938	108,763
16. UTILITIES	1,639	1,790	1,595	5,025
17. INSURANCE	437,858	24,268	60,579	522,705
18. INVENTORY PURCHASES	92,711	154,434	184,169	431,314
19. VEHICLE EXPENSES	0	0	0	0
20. TRAVEL	0	395	1,944	2,339
21. ENTERTAINMENT	0	0	0	0
22. REPAIRS & MAINTENANCE	5,844	21,953	2,055	29,853
23. SUPPLIES	7,165	4,670	2,032	13,867
24. ADVERTISING	0	3,500	0	3,500
25. OTHER (ATTACH LIST)	125,663	30,910	26,680	183,253
26. TOTAL OPERATING DISBURSEMENTS	770,215	378,055	394,497	1,542,768
<b>REORGANIZATION EXPENSES</b>				
27. PROFESSIONAL FEES	0	0	0	0
28. U.S. TRUSTEE FEES	0	325	0	325
29. OTHER (ATTACH LIST)	0	0	0	0
30. TOTAL REORGANIZATION EXPENSES	0	325	0	325
31. TOTAL DISBURSEMENTS	770,215	378,380	394,497	1,543,093
32. NET CASH FLOW	896,009	330,328	527,564	1,753,900
33. CASH - END OF MONTH	3,080,959	3,411,287	3,938,851	3,938,851

CASE NAME: SUPERIOR AIR PARTS, INC.

ACCRUAL BASIS-4

CASE NUMBER: 08-36705-BJH-11

ACCOUNTS RECEIVABLE AGING		SCHEDULE AMOUNT	MONTH 3/31/2009	MONTH 4/30/2009	MONTH 5/31/2009
1.	0-30	1,746,699	1,223,651	876,667	685,858
2.	31-60	129,130	189,205	269,582	219,514
3.	61-90	48,258	314,018	193,629	214,329
4.	91+	3,467,968	3,802,146	4,060,585	4,034,743
5.	TOTAL ACCOUNTS RECEIVABLE	5,392,055	5,529,020	5,400,463	5,154,444
6.	AMOUNT CONSIDERED UNCOLLECTIBLE	0	3,889,260	3,857,121	3,795,616
7.	ACCOUNTS RECEIVABLE (NET)	5,392,055	1,639,760	1,543,342	1,358,828

## AGING OF POSTPETITION TAXES AND PAYABLES

TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL					0
2. STATE					0
3. LOCAL					0
4. OTHER (ATTACH LIST)					0
5. TOTAL TAXES PAYABLE					0
6. ACCOUNTS PAYABLE	513,054	238,944	136,409	12,330	900,736

## STATUS OF POSTPETITION TAXES

FEDERAL	BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
1. WITHHOLDING**	0	9,270	9,270	0
2. FICA - EMPLOYEE**	0	4,544	4,544	0
3. FICA - EMPLOYER**	0	4,543	4,543	0
4. UNEMPLOYMENT	0	0	0	0
5. INCOME	0	0	0	0
6. OTHER (ATTACH LIST)	0	2,125	2,125	0
7. TOTAL FEDERAL TAXES	0	20,482	20,482	0
STATE AND LOCAL				
8. WITHHOLDING	0	0	0	0
9. SALES	(96)	0	0	(96)
10. EXCISE	0	0	0	0
11. UNEMPLOYMENT	0	0	0	0
12. REAL PROPERTY	0	0	0	0
13. PERSONAL PROPERTY	0	0	0	0
14. OTHER (ATTACH LIST)	0	0	0	0
15. TOTAL STATE & LOCAL	(96)	0	0	(96)
16. TOTAL TAXES	(96)	20,483	20,483	(96)

\* The beginning tax liability should represent the liability from the prior month or, if this report, the amount should be zero.

\*\* Attach photocopies of IRS Form 6123 or your FTD coupon and payment receipt to

Monthly Operating Report

CASE NAME: SUPERIOR AIR PARTS, INC.
CASE NUMBER: 08-36705-BJH-11

ACCRUAL BASIS-5

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll, and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, governmental obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

MONTH: \_\_\_\_\_

BANK RECONCILIATIONS		Account #1	Account #2	Account #3	
A.	BANK: JPMORGAN CHASE	JPM CHASE	JPM CHASE	JPM CHASE	
B.	ACCOUNT NUMBER:	790437578	790438485	790438568	TOTAL
C.	PURPOSE (TYPE):	Operating	Payroll	AVCO	
1.	BALANCE PER BANK STATEMENT	3,938,351	0	0	3,938,351
2.	ADD: TOTAL DEPOSITS NOT CREDITED	0	0	0	0
3.	SUBTRACT: OUTSTANDING CHECKS	0	0	0	0
4.	OTHER RECONCILING ITEMS	0	0	0	0
5.	MONTH END BALANCE PER BOOKS	3,938,351	0	0	3,938,351
6.	NUMBER OF LAST CHECK WRITTEN	70175		Wires only	70175
INVESTMENT ACCOUNTS					
BANK, ACCOUNT NAME, & NUMBER		DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.					
8.					
9.					
10.					
11. TOTAL INVESTMENTS				0	0
CASH					
12. CURRENCY ON HAND					500
13. TOTAL CASH - END OF MONTH					3,938,851



CASE NAME: SUPERIOR AIR PARTS, INC.
CASE NUMBER: 08-36705-BJH-11

ACCRUAL BASIS-5

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll, and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, governmental obligations, etc.

Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

MONTH: \_\_\_\_\_

BANK RECONCILIATIONS				
	Account #1	Account #2	Account #3	
A. BANK: JPMORGAN CHASE	JPM CHASE	JPM CHASE	JPM CHASE	TOTAL
B. ACCOUNT NUMBER:	790438162	790438501		
C. PURPOSE (TYPE):	AP	Section 125		
1. BALANCE PER BANK STATEMENT	0	0	0	0
2. ADD: TOTAL DEPOSITS NOT CREDITED	0	0	0	0
3. SUBTRACT: OUTSTANDING CHECKS	0	0	0	0
4. OTHER RECONCILING ITEMS	0	0	0	0
5. MONTH END BALANCE PER BOOKS	0	0	0	0
6. NUMBER OF LAST CHECK WRITTEN				0

#### INVESTMENT ACCOUNTS

BANK, ACCOUNT NAME, & NUMBER	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.				
8.				
9.				
10.				
11. TOTAL INVESTMENTS			0	0

#### CASH

12. CURRENCY ON HAND	0
13. TOTAL CASH - END OF MONTH	0

CASE NAME: SUPERIOR AIR PARTS, INC.

CASE NUMBER: 08-36705-BJH-11

MONTH: \_\_\_\_\_

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND TO PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS, IDENTIFY THE TYPE OF COMPENSATION PAID (e.g. SALARY, BONUS, COMMISSIONS, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY

INSIDERS			
	NAME	TYPE OF PAYMENT	AMOUNT PAID
1.	Kent Abercrombie	Payroll	10,500
2.	Kent Abercrombie	Travel Reimbursement	1,568
3.			
4.			
5.			
6.	TOTAL PAYMENTS TO INSIDERS		55,068

PROFESSIONALS					
	NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE
g. 1.	STRASBURGER				552,040
2.	CORPORATE FINANCE PARTNERS				0
3.	BAKER & MCKENZIE				255,000
4.	LAIN FAULKNER				95,655
5.					
6.	TOTAL PAYMENTS TO PROFESSIONALS		0	0	0

\* INCLUDE ALL FEES INCURRED, BOTH APPROVED, AND UNAPPROVED

**POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS**

	NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
1.	TEXAS DUGAN	34,387	35,482	0
2.	AICCO	5,971	5,971	(0)
3.	GREAT AMERICAN LEASING	734	734	(0)
4.	PRINT, INC.	1,310	0	1,310
5.	ARAMARK	240	1,536	(1,296)
6.	DALLAS RECYCLING	238	238	(0)
7.	ERVIN LEASING	301	301	0
8.	TYGRIS VENDOR	5,339	0	5,339
9.	TOTAL	48,520	44,263	5,352



CASE NAME: SUPERIOR AIR PARTS, INC.

ACCRUAL BASIS-7

CASE NUMBER: 08-36705-BJH-11

MONTH: \_\_\_\_\_

**QUESTIONNAIRE**

	YES	NO
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?		X
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?		X
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?		X
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?		X
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?		X
6. ARE ANY POSTPETITION PAYROLL TAXES DUE?		X
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		X
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		X
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?		X
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?		X
12. ARE ANY WAGE PAYMENTS PAST DUE?		X

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

**INSURANCE**

	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	X	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	X	
3. PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

**INSTALLMENT PAYMENTS**

TYPE OF POLICY	CARRIER	PERIOD COVERED	PAYMENT AMOUNT & FREQUENCY
Product Liability Insurance	AIG and others	Sep 08 - Aug 09	391,875 quarterly
Product Liability Insurance	AIG and others	Sep 08 - Aug 09	17,500 quarterly
Product Liability Insurance	AICCO	Sep 08 - Aug 09	5,971 monthly
General Liability and Property Casualty	Chubb	Oct 08 - Sep 09	7,716 quarterly
Auto	Chubb	Oct 08 - Sep 09	1,534 quarterly
Foreign Package	Chubb	Oct 08 - Sep 09	985 quarterly
Ocean Cargo	Chubb	Oct 08 - Sep 09	8,500 annually
Aircraft	AIG	Sep 08 - Sep 09	1,129 annually
Workers Compensation	Chubb	Oct 08 - Sep 09	33,813 annually

Accrual Basis - 1 Attachment

14. Other Assts	
PMA's	1,075,031
	<u>1,075,031</u>
22. Other	
Accrued Payroll	(22,543)
Accrued Profit Sharing	3,878
401(K) Contribution Payable	5,997
401(K) Employer Match	3,215
Accrued Insurance - SIR	(225,000)
Accrued Scrap	10,000
Piston Warranty	(4,619)
Accrued Advertising	14,428
Deferred Core Profit	121,228
Deferred Core Profit - Contra	(124,526)
	<u>(217,942)</u>
27. Other	
Accrued Payroll	(11,783)
Accrued Vacation Pay	(57,237)
Accrued Profit Sharing	(3,878)
401(K) Contribution Payable	(5,997)
401(K) Employer Match	(3,215)
Accrued Bonuses	-
Accrued Insurance - SIR	(1,855,797)
Accrued Scrap	(10,000)
Piston Warranty	(876,390)
Mil Engine Warranty	(227,209)
520 Cylinder Reserve	(207,177)
Accrued Advertising	(14,428)
Deferred Core Profit	(121,228)
Deferred Core Profit - Contra	124,526
Sales Ret & Allow Reserve	(40,382)
	<u>(3,310,194)</u>

Accrual Basis - 2 Attachment

21. Other

Accrual Basis - 3 Attachment

25. Other

AADFW, Inc.	211
Abelardo Martinez	819
Abelardo Martinez	813
Abelardo Martinez	810
Abelardo Martinez	810
ADP Inc	93
ADP Inc	45
ADP Inc	19
AT&T Mobility	385
Bank fees	651
Carl H Johnson	1,640
Credit Card fees	2,520
Credit Card fees	935
Credit Card fees	29
ING 401(k)	3,287
ING 401(k)	2,997
Maria Garcia	598
Maria Garcia	551
Maria Melgar	550
Maria Melgar	546
Maria Melgar	535
Maria Melgar	502
Maria Melgar	501
Maria Melgar	496
Maria Melgar	399
SHRM	160
TW Telecom	1,552
United Parcel Service	1,772
United Parcel Service	1,087
United Parcel Services	786
YRC	136
YRC - Roadway	447
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	26,680